

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6639**

**BILL NUMBER:** SB 161

**DATE PREPARED:** Feb 23, 1999

**BILL AMENDED:** Feb 22, 1999

**SUBJECT:** Lottery distributions to police and fire pensions.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		100,000,000	100,000,000
Net Increase (Decrease)		(100,000,000)	(100,000,000)

**Summary of Legislation:** (Amended) This bill annually appropriates \$100,000,000 to the "m" portion of the Pension Relief Fund from the State General Fund for police and fire pension funds.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** (Revised) This bill annually appropriates \$100 million to the "m" portion of the Pension Relief Fund from the State General Fund. This provides relief to those units most in need. It addresses the "distressed" communities. The distribution is based on calculation of the communities' total net police and fire pension payment, with a qualification level of those communities with annual payments equal to or greater than 10% of the maximum property tax levy. The relief is focused on unfunded liabilities, allowing units to freeze those payments to their current percentage of the maximum levy. The table below shows the impact of the proposal for an appropriation of two years and four years.

<u>Year</u>	<u>\$200 million</u>	<u>\$400 million</u>
1999-2010	\$0	\$0
2011	\$76,130,000	\$76,130,000
2012	\$88,936,000	\$88,936,000
2013	\$100,793,000	\$100,793,000
2014	\$111,086,000	\$111,086,000
2015	\$60,652,000	\$60,652,000
2016	\$0	\$113,825,000
2017	\$0	\$113,903,000
2018	\$0	\$112,836,000
2019	\$0	\$105,563,000
2020-thereafter	<u>\$0</u>	<u>\$0</u>
Total	\$437,597,000	\$935,997,000

The additional first two years of annual appropriations will extend the life of the “m” portion of the Pension Relief Fund by approximately 4.5 years, from 2011 to mid 2015. The additional four years of annual appropriations will extend the life of the “m” portion by about nine years, from 2011 to 2019. The original \$10 million in annual lottery revenue has been calculated as part of the base.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See Explanation of State Expenditures.

**State Agencies Affected:** Public Employees Retirement Fund as administrators of the Pension Relief Fund.

**Local Agencies Affected:** Those units who qualify for additional relief under the “m” portion of the Pension Relief Fund. About 105 municipalities receive distributions from the “m” portion of the Pension Relief Fund.

**Information Sources:** Doug Todd of McCready & Keene, Inc., actuaries for PERF and the Pension Relief Fund, 576-1508.